



CITY OF
HAYWARD
HEART OF THE BAY

PACE
(Property Assessed Clean Energy)

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Property Assessed Clean Energy

What is PACE?

- Allows 100% financing of energy and water upgrades
- Property owners pay back money through annual installments on their property tax bill
- Cost spread over a longer period of time, usually up to twenty years
- Voluntary
- If the property is sold, repayment obligation legally transfers with the property to the next owner



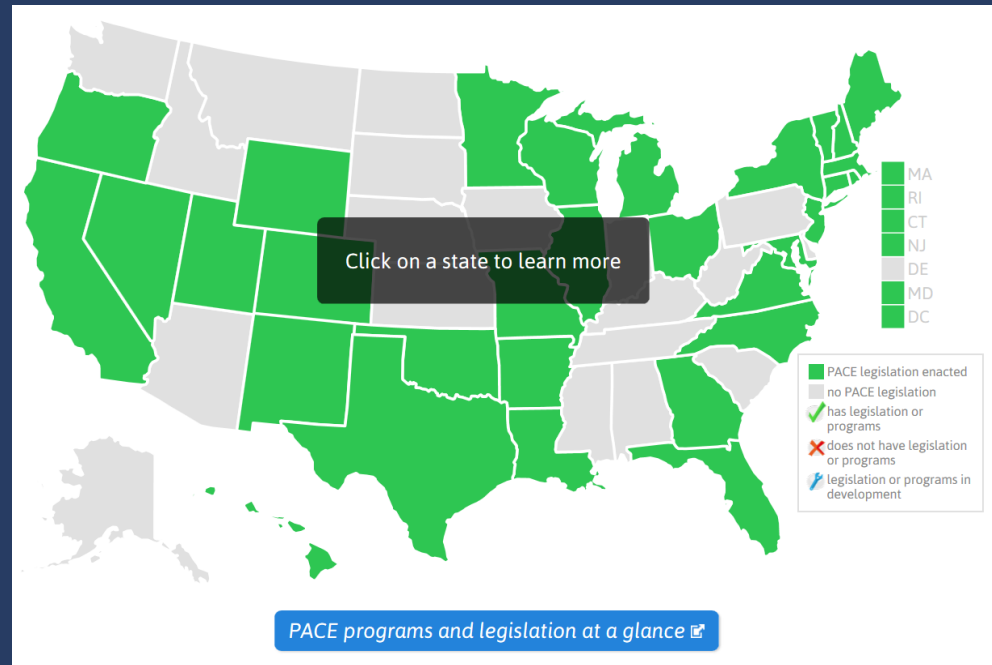
Property Assessed Clean Energy

31 states have passed legislation supporting PACE financing

- In CA enabled by AB 811 (2008) and AB 474 (2010)

13 states have active programs

Only 7 have more than one PACE program



Property Assessed Clean Energy

Growing Market in California

California**FIRST**



Property Assessed Clean Energy

PACE in Hayward

California**FIRST**

January 5, 2010: City Council voted to join CaliforniaFIRST

September 2012: Launched non-residential program

- 80 applications for projects totaling over \$43 million
- 16 in Alameda County totaling approximately \$13 million
- 2 in Hayward totaling approximately \$600,000

August 2014: Launched residential program



Property Assessed Clean Energy

PACE in Hayward



January 29, 2014: Sustainability Committee considered Figtree and recommended that City Council approve the Program

San Diego-based clean energy financing company

Founded in 2011, sponsored by the California Enterprise Development Authority JPA



Expansion of PACE Financing in the Residential Sector

July 2010	Federal Housing Finance Agency (FHFA) instructed Fannie & Freddie to stop underwriting mortgages
March 2013	State of CA lawsuit against the FHFA fails
September 2013	Governor Brown signed Senate Bill 96 into law, creating a \$10 million loan-loss reserve
March 10, 2014	The reserve program started accepting applications
May 1, 2014	FHFA wrote a letter to CA officials stating that the Agency would not change its policy on PACE
August 2014	CaliforniaFIRST re-launched its residential program



Potential Benefits and Risks of Opening the Market of PACE Financing

*JPA-sponsored PACE programs are designed to protect cities from risk

Possible Benefits

- Competition = more choices for financial products (interest rates, etc.)
- Additional capital available to property owners (Figtree recently secured an additional \$60 million)

Possible Risks

- Aggressive marketing
- Homeowners don't always have the knowledge needed to make informed decisions
- Homeowners with Fannie and Freddie mortgages will likely need to pay off the loan before selling



Figtree PACE: Accelerated Foreclosure

- Authorized by state law as a way to recover delinquent assessments.
- Regular foreclosures usually take a few years. Accelerated foreclosures can take less than a year.
- CaliforniaFIRST uses judicial foreclosure.
- Greater concern when Figtree expands to residential.



Next Steps

1. Direct staff to hold off on approving additional PACE providers in Hayward until the PACE market matures and more data is available.
2. Reaffirm the Committee's January 29 recommendation that the City Council join the full Figtree PACE Program.
3. Recommend that the City Council approve the Figtree Program, but limit Figtree's authority to commercial and multi-family properties only.

